Supreme Court, U. S.
FILED
AUG 11 1980
MICHAEL RODAK, JR., CLERK

No. 80-44

In The

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1980

DUAL MANUFACTURING & ENGINEERING, INC. and THE BERKLINE CORPORATION,
Petitioners,

v.

BURRIS INDUSTRIES, INC. and LEGGETT & PLATT, INCORPORATED,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals For the Seventh Circuit

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION

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OPINIONS BELOW

The *en banc* opinion of the Court of Appeals for the Seventh Circuit is set forth at 619 F.2d 660 (7th Cir. 1980), and is accurately reproduced as Appendix A (Ap. pp. A1-A16) of the petition. The now withdrawn July 20, 1979, opinion by a panel of the Seventh Circuit is set forth at 202 U.S.P.Q. 708 (7th Cir. 1973), and is accurately reproduced as Appendix B (Ap. pp. A17-A31) of the petition.

COUNTERSTATEMENT OF QUESTIONS PRESENTED

I. Were petitioners deprived of any constitutional right to a jury trial where the Court of Appeals held the patents in suit obvious as a matter of law based upon undisputed facts?

II. Were respondents precluded from contending on appeal that the patents were invalid for obviousness as a matter of law because respondents, after the judge had denied their motion for a directed verdict, did not object to the judge's instructions to the jury on the elements of obviousness?

CONSTITUTIONAL AND STATUTORY PROVISIONS

The provisions of United States Constitution, Amendment 7, and United States Code, Title 35, § 103, are correctly set forth in the petition. In addition, the following constitutional provision is involved:

> U.S. Const. art. I, § 8
>
> The Congress shall have Power . . . To Promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

I. STATEMENT OF THE CASE

A. The Patents in Suit

This consolidated case is a conventional suit for the infringement of two patents granted to Frank M. Re, United States Reissue Patents 28,210 and 29,483. The patents are directed to a simple, everyday household article – a reclining chair. Both patents were held invalid by the Court of Appeals for the Seventh Circuit sitting *en banc* as being directed to an obvious combination of admittedly old elements.

The patented reclining chair includes arms, a seat and a back connected by a "recliner linkage" mechanism which also carries a footrest. This linkage enables the back and seat to tilt between an upright position and a reclined position, and also causes the footrest to be extended automatically whenever the occupant reclines. Recliner chairs embodying all those elements with their arms fixed have been common articles of household furniture for decades.

Both patents (the differences between which are unimportant for present purposes) assert that the patented chairs are an improvement over fixed arm recliners in that the amount of rearward travel of the back during reclining has been reduced, thereby permitting the chair to be placed closer to a wall and reclined without moving it from the wall. This alleged improvement is attained by combining an admittedly old fixed arm recliner chair with an admittedly old propelling mechanism for moving the arms and back away from the wall as the back reclined. The propelling mechanism consists of a conventional roller track and a base placed beneath the arms and a link (called a "propeller link" in the patents) joined between the back and base.

The claims of the patents in suit merely recite the combination of the elements of the old fixed arm recliner together with the elements of the old propeller mechanism. As the court below noted, the petitioners admitted this in their original brief to the Court of Appeals (App.[1] p. 11):

> Defendants stress the fact that the components of the Re chair are old and perform no new function. Plaintiffs freely admit that the individual components are old and that each functions, in isolation, as it always has.

B. The Prior Art

The prior art held to invalidate the patents in suit is not disputed. It falls into two categories. The first category includes the basic fixed arm reclining chairs without any propelling mechanism. Such chairs were shown in various prior art patents granted long prior to Mr. Re's alleged invention and were manufactured and sold long before that date. They included arms (or "chassis"), seat, back, recliner linkage and footrest organized in the same manner as the corresponding elements of the Re recliner. These old chairs differed from the Re chair only in not having any propelling mechanism for moving the back away from the wall.

The second category of prior art consists of propelling mechanisms for shifting the back and arms of an article of furniture away from the wall as the back is reclined. The improvement afforded by such old propeller mechanisms was the same as that claimed by Mr. Re, i.e., they enabled an article of furniture to be placed close to the wall and reclined without striking the wall.

---

[1] "App." page references are to the Appendix to the petition.

The propelling mechanism prior art is disclosed in five patents dated from 1887 through 1953, all long before the alleged Re invention. They show that the same base, roller-track and propeller link later adopted by Mr. Re had been used for almost a century in the construction of chairs, divanettes and other close-to-the-wall furniture.

Petitioners conceded that both the components of the patented Re chair and their functions are shown in this prior art (App. p. 11).

C. Opinion of the Court of Appeals

The Seventh Circuit, in an *en banc* decision dated April 20, 1980, reversed a judgment of the District Court holding valid the two patents in suit. The trial court decision was based upon a jury verdict and followed a denial of respondents' motions for a directed verdict and judgment n.o.v.

In its decision, the Court of Appeals followed strictly the analysis dictated by *Graham* v. *John Deere Co.*, 383 U.S. 1 (1966) (App. p. 12), concluding (App. p. 13) that there were no factual disputes as to the three preliminary factual inquiries of *Graham*, i.e., the scope and content of the prior art, the differences between the prior art and claims at issue, and the level of ordinary skill in the pertinent art. The court then concluded that based upon these undisputed facts, the ultimate issue of obviousness was to be resolved as a matter of law and that as a matter of law the alleged inventions of the patents in suit were obvious and, hence, the patents were invalid (App. pp. 13, 14).

II. ARGUMENT

A. Petitioners Were Not Denied Their Constitutional Right to a Jury Trial

1. Appeals Court Reexamined No Finding of Fact

The *en banc* decision of the Seventh Circuit recognized that the three preliminary factual inquiries mandated by *Graham* v. *John Deere,* supra, were undisputed (App. p. 13). The jury's function was properly limited to the resolution of any factual disputes in this area. Thereafter, the ultimate decision of validity involved a question of law for the court, i.e., the application of the proper legal standard of obviousness to the facts so determined. That is all that the Court of Appeals did. No finding of fact was reexamined — rather, the findings of fact presumptively made by the jury on the basis of undisputed evidence were accepted by the Court of Appeals.

2. The Controlling Facts Are Undisputed

Graham lists three preliminary factual issues — scope and content of the prior art, differences between the prior art and the claims at issue, and the level of skill in the pertinent art. There was no dispute regarding any of those facts (App. p. 13).

(a) Scope and Content of the Prior Art

The prior art consisted, first, of old, fixed arm reclining chairs, i.e., "the basic reclining chair without a propelling mechanism" (App. p. 11). These chairs were shown in patents granted long before Re's invention and were used and sold in this country long before that time. Petitioners have never disputed that these chairs are prior art.

The second category of prior art "shows the propelling mechanism for shifting a chair back away from the wall" (App. p. 11). These patents, also granted long before Re's filing date, show various types of reclining furniture (including chairs) having propelling mechanisms for shifting a back away from the wall to permit the furniture to be placed close to a wall. The patents in this group include Stark Patent No. 370,095 (1887), Karpen Patent No. 632,053 (1899), Englander Patent No. 1,061,533 (1913), Vorher German Patent No. 831,009 (1949) and Hendrickson Patent No. 2,815,794 (1957) (App. p. 11).

The record contains no factual dispute. These patents show the same propeller link, base and sliding arms or chassis adapted for close-to-the-wall operation. Indeed, petitioners have admitted this (App. p. 11).

(b) Differences Between Prior Art and Claims at Issue

There is no dispute as to the differences between the prior art and the claims at issue (App. p. 13). The claims are simply directed to the combination of the elements of an old recliner chair with the three elements of an old propelling mechanism long used for the same purpose in the furniture industry.

(c) Level of Skill in the Art

Lastly, there is no conflict of any substance regarding the level of ordinary skill in the art. The Seventh Circuit held that even accepting petitioners' contention regarding the level of ordinary skill in the art, the combination patented "is nothing more than 'the work of the skillful mechanic, not that of the inventor' " (App. p. 13).

It was upon these undisputed facts that the Seventh

Circuit then determined that the patents in suit were obvious as a matter of law (App. p. 14).

B. Decision Below Follows Longstanding Precedents of this Court

Early in its *en banc* decision, the court below recognized that there was no serious dispute that the "determination of the question of obviousness under patent law is a question of law" (App. p. 3). The court then went on to determine obviousness in accordance with this Court's decision of *Graham* v. *John Deere Co.*, supra, noting that (App. p. 12):

> The preliminary or subsidiary questions of fact as originally outlined in *Graham* v. *John Deere Co.*, 383 U.S. 1, 17 (1966), are:
>
> > Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved.

The court recognized that there was no factual dispute involved as to the scope and content of the prior art:

> We have noted that the subsidiary fact of the scope and content of the prior art does not present a factual dispute in this case, . . . (App. p. 13)
>
> We regard it as sufficient that the record reflects prior art falling into two distinct categories. The first category includes prior art showing the basic reclining chair without a propelling mechanism. The second category of prior art shows the propelling mechanism for shifting a chair back away from the

wall. Indeed, in the original brief in this court the appellees conceded the situation with regard to the prior art when they said:

> "Defendants stress the fact that the components of the Re chair are old and perform no new function. Plaintiffs freely admit that the individual components are old and that each functions, in isolation, as it always has." (App. p. 11)

The court then turned to the differences between the prior art and the claims at issue. Again, it noted that there was no dispute as to this question:

> . . . nor has it been established that there is any particular disputed factual determination with regard to the differences between the prior art and the claims at issue (App. p. 13)

Indeed, there could be none. The claims merely recite the combination of the old basic reclining chair and the old propelling mechanism all as admitted by petitioners in the above quote. The only question — plainly legal — was whether it was obvious to incorporate those two old mechanisms in a single chair.

The court then turned to the third factor — the level of ordinary skill in the pertinent art. Again, the court found no dispute as to this factor since the court accepted, *arguendo,* the petitioners' contention with regard to the level of skill (App. p. 13).

Finally, the court made the legal conclusion that the Re combination of old elements was obvious. As the court stated:

> . . . the prior art in the present case shows that the combination achieved here is nothing more than the

> work of the skillful mechanic, not that of the inventor." *Sakraida, supra,* 425 U.S. at 282 (quoting *Hotchkiss* v. *Greenwood,* 11 How., at 267). (App. p. 13)
>
> In sum, this record presents a case in which there is only left for the reviewing court the matter of determining as a question of law whether the patents were obvious under prior art. We hold that they were and therefore were invalid. (App. p. 14)

In its decision, the court overturned no finding of fact. It merely took the undisputed facts and held that as a matter of law the alleged invention was obvious. This decision is fully in accord with the decisions of this Court going back over a quarter of a century. Since 1950 this Court has consistently held that the ultimate question of patentability is one of law and has always made an independent evaluation of the record to determine as a matter of law if the decision below reflected a correct application of the correct legal standard to the facts.

Thus, in *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.,* 340 U.S. 147 (1950), this Court, without overturning any finding of fact, reversed concurring decisions of two courts below and held the patent in suit invalid. This Court held that the courts below did not correctly apply the legal standard of invention to the facts determined:

> The questions of general importance considered here are not contingent upon resolving conflicting testimony, for the facts are little in dispute. . . . The defect that we find in this judgment is that a standard of invention appears to have been used that is less exacting than that required where a combination is made up entirely of old components. It is on this

> ground that the judgment below is reversed. 340 U.S. at 153, 154.

In its subsequent decisions on patentability, this Court has reiterated its holding that the ultimate question of patent validity is one of law. In *Graham* v. *John Deere,* supra, the Court stated that:

> While the ultimate question of patent validity is one of law, . . . the § 103 condition, . . . lends itself to several basic factual inquiries. . . . Against this background, the obviousness or nonobviousness of the subject matter is determined. 383 U.S. at 17.

Applying this test, the Court in *Graham* reviewed the evidence and held the patent in suit invalid as being obvious. See also the portion of the *Graham* opinion in which the companion case of *Calmar* v. *Cook* was decided, 383 U.S. 1 (1966), and *United States* v. *Adams,* 383 U.S. 39 (1966).

In *Anderson's-Black Rock, Inc.* v. *Pavement Salvage Co.,* 396 U.S. 57 (1969), this Court followed a similar pattern of review. After summarizing the preliminary factual inquiries mandated by *Graham,* the Court stated:

> We conclude further that to those skilled in the art the use of the old elements in combination was not an invention by the obvious-non-obvious standard. 396 U.S. at pp. 62, 63.

More recently in *Sakraida* v. *Ag Pro, Inc.,* 425 U.S. 273 (1976), this Court again reaffirmed that "the ultimate test of patent validity is one of law" (425 U.S. at 279, 280). This Court, after making an "independent examination of the evidence" (425 U.S. at 280, 281) held that the patent in suit was invalid because it was "not

patentable under standards appropriate for a combination patent" (425 U.S. at 281).

Over 85 years ago in a jury patent case, *Market Street Cable Ry.* v. *Rowley*, 155 U.S. 621 (1895), this Court held that where, as here, the prior art is patented and undisputed, the ultimate question of patentability is one of law for the court, not one of fact for the jury. In that case, defendant had moved the court for a directed verdict on the ground that the patent sued on was void for want of novelty. The motion was overruled. The jury found in favor of the plaintiff and defendant appealed. This Court reversed, holding that the question of patent validity was one of law and that the court erred in not granting a directed verdict:

> The defendant put in evidence a number of patents prior in date to the plaintiff's, and asked the court to compare the inventions and devices therein described with those claimed by the plaintiff. No extrinsic evidence was given or needed to explain terms of art, or to apply the descriptions to the subject-matter; so that the court was able, from mere comparison, to say what was the invention described in each, and to affirm from such mere comparison whether the inventions were or were not the same. The question was, then, one of pure construction and not of evidence, and consequently was matter of law for the court, without any auxiliary fact to be passed upon by the jury.
>
> If, upon the state of the art as shown to exist by the prior patents, and upon a comparison of the older devices with those described in the patent in suit, it should appear that the patented claims are not novel, it becomes the duty of the court to so instruct the jury.
>
> . . .

> In view, then, of the state of the art as manifested by several prior patents, we think it is plain that the patent of Lyon and Munro is void for want of patentable novelty, and that the court below erred in not so instructing the jury. 155 U.S. at 625, 630.

Patent validity is and, indeed, should be decided as a matter of law because patents derive their basis from the Constitution, Article I:

> It follows from the language used in the Constitution, limiting patentability to inventions which in fact contribute to the "progress" of science, that every case involving the validity of a patent presents a constitutional question. E. Dumbauld, The Constitution of the United States 154 (1964).

As Mr. Justice Douglas observed in the concurring opinion of the *A & P* case, supra:

> It is worth emphasis that every patent case involving validity presents a question which requires reference to a standard written into the Constitution. . . .
>
> The standard of patentability is a constitutional standard; and the question of validity of a patent is a question of law. 340 U.S. at 154, 155.

Circuit courts construing *A & P* have concluded that patentability is a question of law because it involves construction not only of the Constitution, but also of the patent statutes. Thus, the Sixh Circuit in *Monroe Auto Equipment Co.* v. *Heckethorn Mfg. & Sup. Co.*, 332 F.2d 406 (6th Cir.), cert. denied, 379 U.S. 901 (1964), upheld a lower court decision holding the patents in suit invalid and denying a jury trial. In its decision, the court held:

> In Great American & Pacific Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 71 S.Ct. 127, 95 L. Ed. 162, the Supreme Court held that it is a question of law whether the proper standard of invention has been applied. This case makes it clear that what we are concerned with here is a matter of statutory construction; that is, interpreting the statute to draw from it the proper criteria for what constitutes invention. Statutory construction, of course, is a question of law. 332 F.2d at 410-411.

The Seventh Circuit Court of Appeals in *Armour & Co.* v. *Wilson & Co.*, 274 F.2d 143 (7th Cir. 1960), in an *en banc* decision, reached the same conclusion:

> The final step involves the resolution of the meaning of Section 103 of the Patent Act . . . This requires the application of the correct legal criteria to the factual determination made by the trial court. This calls for the exercise of a legal judgment and as such is subject to review by an appellate tribunal as a question of law. 274 F.2d at 156.

The importance of an appellate court's reviewing holdings of patent validity as a matter of law to insure that the patent statutes have been properly interpreted and the constitutional standard properly applied follows from the public interest inherent in patent controversies. This Court has recognized that the primary policy of the patent laws is to promote invention for the benefit of the public. Every patent case involves public interest in seeing that patent monopolies with their far-reaching social and economic consequences are kept within their proper scope. As this Court held in *Mercoid Corp.* v. *Mid-Continent Inv. Co.*, 320 U.S. 661, 665 (1944):

> The grant of a patent is the grant of a special privilege "to promote the Progress of Science and useful Arts." Const., Art. I, § 8. . . . It is the public interest which is dominant in the patent system. *Pennock* v. *Dialogue,* 2 Pet. 1; *Kendall* v. *Winsor,* 21 How. 322, 329; *Adams* v. *Burke,* 17 Wall. 453; *Motion Picture Co.* v. *Universal Film Co., supra,* pp. 510-511; *Morton Salt Co.* v. *G. S. Suppiger Co., supra; United States* v. *Masonite Corp.,* 316 U.S. 265, 278. It is the protection of the public in a system of free enterprise which alike nullifies a patent where any part of it is invalid. (*Marconi Wireless Co.* v. *United States,* 320 U.S. 1, 58; and see *General Electric Co.* v. *Wabash Corp.,* 304 U.S. 364, 372) . . .

In order to promote progress of science and the useful arts, and thereby meet the constitutional standard, a valid patent must add to, not detract from, the state of the prior art. As stated in *A & P,* supra:

> The function of a patent is to add to the sum of useful knowledge. Patents cannot be sustained when, on the contrary, their effect is to subtract from former resources freely available to skilled artisans. 340 U.S. at 152.

The Patent Office is not authorized to issue patents whose effects are to remove existent knowledge from the public domain or to restrict free access to materials already available, *Graham* v. *John Deere Co.,* supra; *Anderson's-Black Rock* v. *Pavement Salvage Co.,* supra.

The decision below correctly held invalid two patents which did not meet this constitutional standard. Indeed, the effect of the two patents in suit was to remove from the tools available to designers of reclining chairs, pro-

pelling mechanisms which have long been available to designers of all types of furniture. Public policy says that where such patents have been improvidently granted, the courts, as a matter of public policy should be free to strike them down and prevent them from becoming an impediment to progress of science and the useful arts. This involves the application of a constitutional standard which cannot be left to a jury. It is for the court to review the facts determined and to apply the *proper legal* standard.

Nor is this standard of review unique to patent cases. This Court in *United States* v. *Singer Mfg. Co.,* 374 U.S. 174 (1963), utilized exactly the same approach in reversing a decision below and holding that there was a violation of the Sherman Act:

> Given the court's own findings and the clear import of the record, it is apparent that its conclusions were predicated upon "an erroneous interpretation of the standard to be applied. * * *" Thus, "[b]ecause of the nature of the District Court's error we are reviewing a question of law, namely, whether the District Court applied the proper standard to essentially undisputed facts." 374 U.S. at 193.

C. The Decision Below Does Not Conflict with Decisions of this Court

Petitioners have strained to create an alleged conflict between the present decision and other decisions of this Court, including *United States* v. *Kaiser,* 363 U.S. 299 (1960). In fact, no such conflict exists. None of the cases relied on by petitioners deals with the issues here involved. None is even a patent case. None holds that a constitutional question or the interpretation of technical statutory language is not properly decided by the court as a matter of law.

Specifically, the first case relied upon by petitioners, the *Kaiser* case, involved the question of whether strike assistance furnished a worker constituted a "gift" and, hence, was excludable from his income. The case was originally tried to a jury and the court had entered judgment n.o.v. on the basis that, as a matter of law, the assistance was not a gift. The Court of Appeals reversed. This Court affirmed, relying on its decision in *Commissioner* v. *Duberstein,* 363 U.S. 278 (1960), to the effect that the statutory standard was non-technical so that whether a transaction was a gift or not was a factual matter for the jury. As the Court held in *Duberstein*:

> The course of decision here makes it plain that the statute does not use the term 'gift" in the common-law sense, but in a more colloquial sense. . . .
>
> Decision of the issue presented in these cases must be based ultimately on the application of the fact-finding tribunal's experience with the mainsprings of human conduct to the totality of the facts of each case. The nontechnical nature of the statutory standard, the close relationship of it to the data of practical human experience, and the multiplicity of relevant factual elements, with their various combinations, creating the necessity of ascribing the proper force to each, confirm us in our conclusion that primary weight in this area must be given to the conclusions of the trier of fact. 363 U.S. at 285, 289.

Thus, the holding of *United States* v. *Kaiser* is not contrary to the present decision. It does not involve either a constitutional question or interpretation of a highly technical statute, such as the patent statute, which are inherently matters of law. Rather, it involves simply the

factual determination of whether something was a "gift" in a colloquial sense.

Petitioners next assert that the present case is in conflict with this Court's decision of *Lavender* v. *Kurn,* 327 U.S. 645 (1946). The *Lavender* case involved an action under the Federal Employers' Liability Act to recover for a wrongful death resulting from negligence. A jury found in favor of plaintiff, but the judgment was reversed by the Supreme Court of Missouri which held that there was no substantial evidence of negligence to support the submission of the case to the jury. This Court reversed, holding that there was sufficient evidence of negligence to justify the submission of the case to the jury and to require the appellate court to abide by the jury's verdict. The *Lavender* case, too, is clearly distinguishable from the present holding upon the ground that no constitutional question or technical statutory interpretation was involved.

Petitioners passingly allude to alleged conflicts between the present case and three other decisions in this Court. But again, it is clear that no such conflict exists. Thus, in *Senko* v. *LaCrosse Dredging Corp.,* 352 U.S. 370 (1957), this Court held that a judgment based on a jury's verdict awarding damages under the Jones Act should stand because there was an evidentiary basis for the jury's finding that the plaintiff was a member of a crew at the time of his injury. No conflict there, it is plain!

In *Baker* v. *Texas & Pacific Ry.,* 359 U.S. 227 (1959), petitioners had sued respondent for negligence under the Federal Employers' Liability Act. The case was tried to a jury, but the judge held as a matter of law that Baker was not "employed" within the meaning of the Act. The Court, based upon reasoning similar to that employed in *United States* v. *Kaiser,* supra, held that the Federal Employers' Act does not use the terms "employees" and "em-

ployed" in any special sense so that the question of whether a person is employed is simply a factual question for the jury.

Finally, in *Atlantic & Gulf Stevedores, Inc.* v. *Ellerman Lines, Ltd.*, 369 U.S. 355 (1962), a longshoreman had sued respondents on the ground that their vessel was unseaworthy and that they were negligent. Respondents impleaded petitioner, alleging that petitioner was negligent and asking for indemnity from it. The District Court entered a judgment in favor of the longshoremen against respondents and in favor of petitioners. The Court of Appeals affirmed the judgment in favor of the longshoremen against respondents, but reversed the decision in favor of petitioner. This Court reversed, holding that the judge's charge was proper, that the jury's verdict was not inconsistent, and that negligence and unseaworthiness were fact questions for the jury. There is no conceivable conflict between the holding in the *A. & G. Stevedores* case and the present case which involved substantially undisputed facts.

D. The Present Decision Is Not in Conflict With Decisions of Other Circuits

In desperation, petitioners have sought to conjure up a conflict among the Circuits. No conflicts exist; this Court has repeatedly enunciated the controlling law and the lower courts have followed it. Overlooking this Court's clear and unequivocal statement in *Graham* that "the ultimate question of patent validity is one of law" (387 U.S. at 17), petitioners now urge that the present decision is in conflict with decisions of four Circuits. Petitioners appear to suggest that these Circuits hold that a jury verdict of validity is not reviewable. In suggesting such a conflict, pe-

titioners are in error. There is no need for this Court to speak again in an area where it has so clearly spoken before.

One case relied upon by petitioners is *Control Components, Inc.* v. *Valtek, Inc.*, 609 F.2d 763 (5th Cir. 1980). The *Control Components* case is not in conflict with the present case; in fact, the two are fully consistent as recognized by Judge Pell in the *en banc* decision (App. pp. 9, 10). Specifically, in *Control Components* the Fifth Circuit affirmed a decision holding a patent valid based on a jury verdict reached upon "often conflicting evidence of a technical nature". In so doing, the court recognized that the *preliminary factual questions* mandated by *Graham* are to be resolved by the jury. The question of obviousness, however, is to be resolved by the court and is fully reviewable as a legal question: As the court stated in *Control Components*:

> Preliminary factual determinations are made on the scope and content of the prior art and on the differences between the prior art and the claims at issue. The trial judge then determines whether the improvement would have been obvious at the time of the invention to a person having ordinary skill in the art. This conclusion of law requires the application of correct legal criteria to the factual determinations made by the jury. *Armour & Co.* v. *Wilson & Co.*, 274 F.2d 143 (7th Cir. 1960). The legal conclusion is "fully reviewable by the appellate court." 609 F.2d at 767-768.

The Fifth Circuit in *Control Components* concluded that in that particular case the evidence supported factual findings which allowed the court to determine as a matter of law that the patent would not have been obvious:

> We also conclude that the trial court correctly applied the law as set out in *Graham* to these factual findings to determine that the improvement embodied in the patent would not have been obvious to one skilled in the art at the time of the invention. 609 F.2d at 769.

There is no conflict between *Control Components* and this case. The different result reached in *Control Components* is attributable to the fact that in that case the jury's presumed factual findings based upon conflicting evidence of a technical nature justified the legal conclusion of unobviousness. In contrast, in the present case the undisputed evidence supports only the contrary legal conclusion of obviousness and, hence, invalidity.

Moreover, another recent case from the Fifth Circuit, *Catholic Protection Service* v. *American Smelting & Refining Co.*, 594 F.2d 499 (5th Cir. 1979), confirms that that Circuit treats the ultimate issue of obviousness as one to be *reviewed as a question of law*, not of fact:

> The district court's findings with regard to the "factual inquiries" demanded by *Graham* must be reviewed under the clearly erroneous standard of Federal Rule of Civil Procedure 52 (a). The ultimate issue of obviousness is, however, a question of law, not of fact. *See, e.g., Graham* v. *John Deere Co., supra,* 594 F.2d at 506-07.

Another case alleged to be in conflict with the present decision is the First Circuit case, *Spound* v. *Mohasco Industries, Inc.*, 534 F.2d 404 (1st Cir. 1975), cert. denied, 429 U.S. 886 (1976). That decision affirmed a lower court decision in a jury case holding one patent valid, one patent invalid and assessing damages for breach of

a license agreement and for infringement. There was no express holding in the decision regarding the resolution of obviousness as a matter of fact or law. However, in its memorandum on a petition for a rehearing entered May 15, 1976, the First Circuit made it clear that it had considered obviousness as a matter of law. In this memorandum, the court stated:

> We are not prepared to say as a matter of law that a cross-fitting "pop-up" headrest is but an obvious advance over '119's extending footrest.

Moreover, the District Court decision, which was affirmed, *Spound* v. *Mohasco Industries, Inc.,* 186 U.S.P.Q. 183, 185 (D. Mass. 1975), shows that the District Judge followed the same approach employed by the Seventh Circuit in the present case:

> Since this case was tried before a jury it would seem that the "factual inquiries" to which the Graham case points are properly the function of a jury. The legal conclusion of validity, *vel non,* then becomes a question for the Court. . . . The Court is satisfied that the jury's finding of non-obviousness in answer to question No. 18 fulfills the factual requirements of a § 103 determination.
>
> Based upon the jury's finding the Court conclues that patents '992 and '374 are valid under the tests of § 103.

In a subsequent decision the First Circuit has shown that it applies a standard of review fully consistent with the decision of the present case. As the First Circuit stated in *Scully Signal Co.* v. *Electronics Corp. of America,* 570 F.2d 355 (1st Cir. 1977):

> . . . "the ultimate question of patent validity is one of law", *Graham* v. *John Deere Co.*, 383 U.S. 1, 17
>
> . . .
>
> > "The district court's supported findings on obviousness will therefore normally stand unless manifesting a misconception of the correct legal standard."
>
> . . . the time has long since gone, if it ever existed, when district courts and courts of appeal could refuse to make an independent assessment of § 103 obviousness in light of all the evidence presented. 570 F.2d at 359, 362.

A third decision relied upon by petitioners is *Tights, Inc.* v. *Acme-McCrary Corp.*, 541 F.2d 1047 (4th Cir.), cert. denied, 429 U.S. 980 (1976). In that decision, the Fourth Circuit affirmed a decision below based upon a jury verdict where, unlike the present case, "much of the evidence as to the nature of the prior art references is in conflict." The *Tights* decision is not in conflict with the present case. There, the court reviewed the conflicting evidence and concluded that based upon the factual determinations which the jury presumptively made based upon the evidence, that its determination as to unobviousness was fully supported by the record. In so doing, the court held the patent in suit valid as being unobvious as a matter of law based upon the underlying factual determinations of the jury. As the court stated (p. 1060):

> While we agree that the question of obviousness is ultimately one of law, we nevertheless recognize that it involves underlying questions of fact. *Graham* v. *John Deere*, 383 U.S. 1, 86 S.Ct. 684, 15 L.Ed.2d 545 (1965); *Sakraida* v. *Ag Pro, Inc.*, 425 U.S. 273, 96 S. Ct. 1532, 47 L.Ed.2d 784 (1976).

In short, the difference between *Tights* and the present case is not one as to the applicable law, but rather is that in *Tights* the jury's presumed findings based upon the disputed facts supported a legal conclusion of obviousness, while in the present case the undisputed facts dictate the opposite result.

The prevailing view of the Fourth Circuit is that obviousness is a question of law, and that the appellate court can properly disagree with the legal conclusion of the court below even though its factual conclusions are accepted. That was made clear in *Deering Milliken Research Corp.* v. *Beaunit Corp.*, 538 F.2d 1022 (4th Cir. 1976):

> The district court's decision that the "wrap around" feature of Lesley's invention was non-obvious under § 103 was a determination, as a question of law, that Beaunit had not met its burden. Thus, we are free to disagree with the district court even if we cannot brand his conclusion on the issue of obviousness as clearly erroneous. 538 F.2d at 1025.

That most surely does not conflict with the present case.

The fourth decision cited by petitioners is *Moore* v. *Schultz*, 491 F.2d 294 (10th Cir.), cert. denied, 419 U.S. 930 (1974), in which the Tenth Circuit reversed a judgment n.o.v. holding a patent invalid. Insofar as the *Moore* decision relates to the defense of obviousness, the court simply held that the defendant had not met its burden of proof with respect to the underlying factual determinations, i.e., whether the O'Boyle prior art machine purportedly on sale and disclosed to third parties was in fact part of the prior art and whether it contained the essential elements of the patented topper.

To whatever extent the *Moore* case suggests a conflict between the Tenth and Seventh Circuits, that suggestion

is dispelled by a later decision of the Tenth Circuit, *Rutter* v. *Williams*, 541 F.2d 878, 881 (10th Cir. 1976), wherein the Tenth Circuit followed the same principle as that of the Seventh Circuit, i.e., that the appellate court *is* bound by the trial court's findings of fact relating to obviousness, but is *not* bound by its conclusions of law deciding the ultimate question of obviousness:

> An appellate court is bound by the trial court's findings of fact relating to obviousness unless they are rejected under the clearly erroneous rule. We accept the trial court's findings on the elements of Rutter's claimed invention and as to the scope and content of the prior art. We are not bound by its conclusion of law that the Rutter device was not obvious to one skilled in the art.

Again, there is clearly no conflict with the present case.

E. The Jury's Verdict Was not Binding on the Court

Petitioners have presented as a second question the issue of whether the jury's verdict was binding on the reviewing courts because the respondents assigned no error to submitting the issue of patent validity to the jury as a fact question and there was no finding that the verdict was against the manifest weight of the evidence.

Having presented this question, the petitioners have set forth absolutely no reason why this Court should be burdened with considering this strictly procedural matter. It is of absolutely no significance beyond this controversy between the present litigants.

Moreover, this contention was correctly decided against petitioners in the opinion below. In its opinion, the court recognized that respondents had twice moved for a directed

verdict, once at the conclusion of plaintiffs' case and once at the conclusion of all of the evidence (App. p. 4, 5). These motions asked the court to hold the patents in suit invalid as a matter of law. When they were denied, respondents had no alternative but to cooperate in preparing instructions for submission to the jury. Subsequently, respondents moved for a judgment n.o.v. – which was also denied. The court below held, "Under the circumstances just set forth we hold that the question of obviousness is preserved for review by this court." (App. p. 6) The error was not in the instructions, it was in the submission of the case to the jury in the first place. The trial court should have directed a verdict just as this Court ordered in *Market Street Cable Ry.* v. *Rowley,* supra.

III. CONCLUSION

There is no issue in this case which warrants consideration by this Court. The decision below merely held two patents invalid on the basis of undisputed facts by correctly applying the legal standards of patentability which have been uniformly recognized by this Court for three decades.

The court below did not overturn any finding of fact made by the jury and petitioners' constitutional rights under the Seventh Amendment were fully preserved.

Finally, there is no conflict among the Circuits or with other decisions of this Court.

The petition should be denied.

Respectfully submitted,

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CERTIFICATE OF SERVICE

Service of the foregoing Brief for Respondents in Opposition to Petition was made on petitioners by mailing copies thereof, first class postage prepaid, on August 7, 1980, to Cornelius J. Harrington, Jr. and John E. Angle, Kirkland & Ellis, 200 East Randolph Drive, Chicago, Illinois 60601, and David D. Kaufman, Room 1425, 39 South LaSalle Street, Chicago, Illinois 60603.